

WRITTEN STATEMENT OF ALAN WRIGHT, MD, MPH, ADVANCEPCS
HEARING ON DISEASE MANAGEMENT IN MEDICARE
SENATE SPECIAL COMMITTEE ON AGING
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Thank you, Senators Breaux and Craig. I would like to thank the Committee for calling this hearing today on disease management. Our company, AdvancePCS, has been creating and implementing disease management programs to improve the delivery of healthcare in this country for many years. We are pleased that the Congress is interested in integrating disease management into the Medicare program and look forward to working with you as you begin to examine this important opportunity.

My name is Alan Wright and I am a physician and the Chief Science Officer for AdvancePCS. I have worked for AdvancePCS for ten years. During my tenure here, I have been responsible for the development and oversight of disease management products and I am currently focused on integrating new and emerging technologies into our programs.

AdvancePCS is the nation's largest independent provider of health improvement and pharmacy benefit management services, touching the lives of more than 75 million health plan beneficiaries. Our clients include a broad range of health plan sponsors, such as Blue Cross and Blue Shield plans, self-insured employers and other employer groups, labor unions and government agencies – including the Federal Employees Health Benefit Program (FEHBP). On behalf of our clients, we administer and monitor over 550 million prescription claims each year representing over \$28 billion in annual prescription drug spending.

AdvancePCS is committed first and foremost to health improvement; we offer our clients a wide range of health improvement products and services designed to enhance the quality of care delivered to beneficiaries, and manage their costs. The company's core capabilities include prescription benefit plan design consultation, home prescription delivery, and formulary development and management. Within these programs, we also set up retail pharmacy networks, negotiate drug discounts, and administer claims.

The delivery of these services is in part facilitated by AdvancePCS' contractual relationships with retail pharmacies and prescription drug manufacturers. The company's pharmacy relationships extend to over 59,000 pharmacies, virtually all retail pharmacies in the United States.

AdvancePCS' more advanced health improvement capabilities include clinical programs, disease management and specialty pharmacy services. We believe these services are critical components to helping our clients balance their cost containment and quality improvement goals.

AdvancePCS is an independent, publicly traded company. We employ approximately six thousand employees and have operations in 18 states, Washington DC and Puerto Rico. We provide services to beneficiaries in every state of the union, Washington DC and in Puerto Rico.

My testimony today is divided into three parts:

- The first section will describe disease management and highlight AdvancePCS' commitment to pursuing research in and implementation of disease management programs. It will also address the company's internal structures as well as the external partnerships we pursue to facilitate continuous improvement of our disease management interventions.
- The second section will highlight the current status of and future plans for AdvancePCS' disease management programs – how we launched into this area, how our programs work, and how they will evolve in the future.
- The final section will focus on the potential value of disease management to the Medicare program and discuss our support for continuing efforts in this arena.

AdvancePCS' Focus on Disease Management

Providing care for the chronically ill is a constant challenge for our healthcare system and one that we strive to address day after day. We have been developing and delivering disease management interventions to a broad range of population groups since the early 1990s. These programs all seek to optimize the healthcare of, and maximize the health and quality of life for people with chronic illnesses. While change in disease progress is often incremental, the results our programs achieve in terms of quality of life, self-esteem, and cost efficiencies, are significant.

Disease management programs apply managed care approaches to address the healthcare system's challenge of caring for the chronically ill. Relying on a wide range of models, including case management and interdisciplinary teams, disease management programs improve the overall health of targeted populations. AdvancePCS' client population-based approach enables us to offer *everyone* with a given disease services tailored to individuals' disease severity. We work closely with individual patients to minimize the pace of their health deterioration.

The benefits of our disease management programs are numerous. Aggressively managing chronic illness typically enables individuals to require less invasive care, which enhances their quality of life and reduces medical costs. In addition to providing health and financial benefits, disease management also reinforces care standards and strengthens the physician-patient relationship.

Program Development

AdvancePCS develops disease management programs internally using established national guidelines from such sources as the Joint National Committee on Hypertension sponsored by the American Medical Association, the National Institutes of Health, the American Heart Association, and the American Diabetes Association. We select programs for development based on the potential quality of life and cost impacts for a population.

We rely on a team of internal and external clinical experts to develop leading programs. The range of clinical expertise used includes physicians, nurses, pharmacists, patient educators, and health economists. When a health improvement program has a pharmaceutical care component, pharmaceutical companies may be enlisted to provide supporting materials.

The qualitative and quantitative effectiveness of AdvancePCS' disease management programs are measured using specific indicators that compare results to clinical benchmarks and/or goals. We enhance programs periodically based on changes in clinical guidelines, feedback from practitioners, patient experiences and/or program effectiveness.

Using the principles of continuous quality improvement, AdvancePCS' programs, in collaboration with and on behalf of our client sponsors, are executed in compliance with the National Committee for Quality Assurance (NCQA) criteria. When possible, the programs also incorporate the Health Plan Employer Data Information Set (HEDIS) indicators. All of AdvancePCS' programs advocate appropriate care through the effective application of data and scientific evidence. In 2002, we achieved the new NCQA Disease Management Accreditation.

Health Care Research Division

Effective disease management depends on a firm foundation in quality improvement and medical research. Our disease management programs are based on proven outcomes. With Innovative Medical Research, Inc.'s (IMR, an AdvancePCS subsidiary) research methodology, we explore intervention alternatives, measure outcomes, and then implement the most effective interventions through our disease management programs.

Our research is organized in centers focused on population-based issues. For example, our Center for Healthier Aging is dedicated to the development of programs targeting the specific needs of older individuals, while our Center for Priority Populations focuses on interventions for the Medicaid population.

Partnerships

AdvancePCS also partners with a range of government entities to ensure we remain on the cutting edge of research; in turn, we hope that our expertise can be helpful to federal agencies looking to address healthcare quality and outcomes. One example is our longstanding collaboration with the Agency for Healthcare Research and Quality (AHRQ) in their Centers for Education and Research on Therapeutics (CERTs). We were one of the first private-sector companies to partner with the CERTs to focus on community-based research programs to improve patient safety through reduced drug-drug interactions.

Another mutually beneficial AdvancePCS and government partnership we have developed is with the Food and Drug Administration (FDA). Working with the FDA, we help to facilitate post-marketing drug surveillance, and assess and moderate the risk of adverse drug outcomes.

Another example of our continuous improvement efforts includes past work with a leading healthcare foundation. We have participated in Robert Wood Johnson funded research to study a group of Medicaid patients with asthma. The study purpose was to understand patient and physician knowledge levels, beliefs, and views on asthma care. As expected, the research

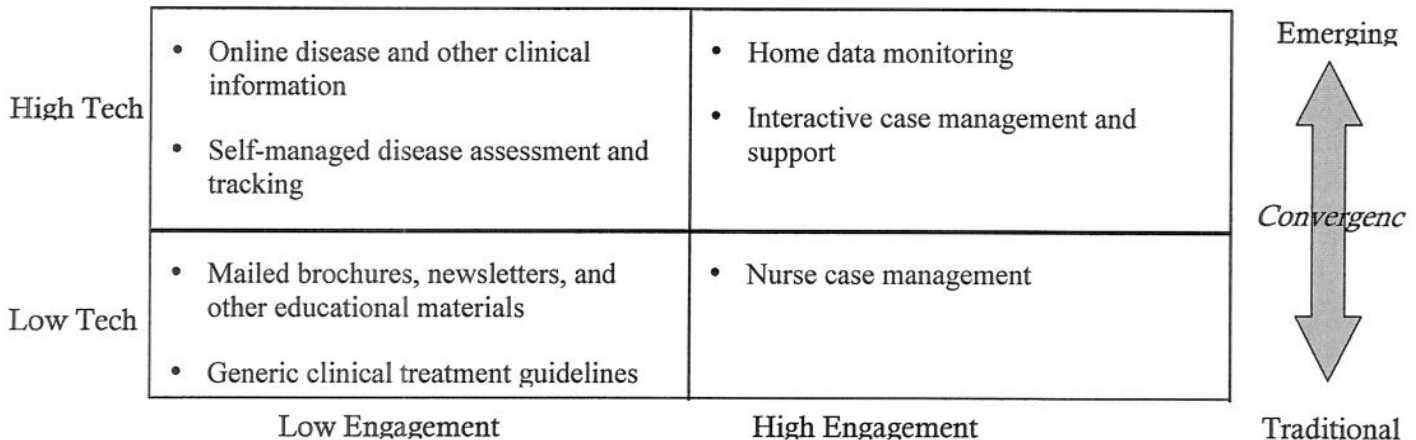
showed that there is a significant knowledge gap between best practices and actual practices among both patients and physicians. A knowledgeable patient is key to achieving the desired health outcomes.

Disease Management Programs – Yesterday, Today and Tomorrow

Acting on behalf of our plan sponsors, we initiated our disease management programs in the early nineties with targeted mailings to patients and expansion of traditional managed care case management programs. Initially, we emphasized implementation and action, focusing less on results. Although these programs laid the groundwork for today's disease management methodologies, we had no way of measuring whether or not they were effective or successful.

Our programs have evolved over time. They now emphasize efficiency of interventions and quantifiable results. We have a built-in total quality improvement feedback loop to help us identify which program components are most effective. Our disease management programs are now tailored to specific conditions with interventions that extend from Internet publication of information to personal nurse counseling. (See Chart A)

Chart A: Examples of Disease Management Services



Our existing disease management programs use targeted interventions to educate and support our plan sponsors' beneficiaries and their caregivers. We maximize the number of methods available to communicate and educate patients, recognizing that compliance, and ultimately program success, result from informed, knowledgeable patients. Today's state of the art programs primarily rely on three forms of patient and physician communication.

- First, we use **telephonic outreach** to assess and educate patients, and to evaluate self-care. Through direct telephone conversations, we communicate with our patients about the value of appropriate care management and encourage positive health-seeking behavior.
- Second, we use **mail-based interventions** to disseminate disease-specific member education material and invite individuals to join our programs. The mail also allows us to conduct patient and physician profiling to measure program success as well as evaluate

patient/pharmacy utilization patterns and compliance with recommended regimens.

- Finally, our **web-based communication** provides yet another opportunity for us to share relevant educational materials and interface with patients.

A good disease management program begins with the development of plan-sponsored, defined program goals and quantifiable outcome objectives. Using industry standard HEDIS measures, AdvancePCS closely tracks health outcomes to monitor the impact of our programs. We recognize that progress can be slow in disease management and that results are incremental --- while we aim for 100 percent compliance, we recognize that incremental achievements are often what are achievable in the short-run.

Results from one of our diabetes programs illustrate our focus on outcomes. In this program, we saw a 6 percent improvement in the rate of eye exams for diabetic patients over a 3-year period, a significant step in preventing blindness among these patients. While this was only one of our outcomes measures in this program, it is representative of the type of outcomes that may be possible and that help to reduce the costs associated with disease.

AdvancePCS is continuously working to enhance the company's existing disease management interventions, integrating new technologies and research as it becomes available. For example, our researchers currently are using proven behavioral models, as well as remote patient monitoring devices, to understand interventions that result in behavioral change. Regular program review enables us to determine how we as a company can have the greatest impact on our patients.

Finally, patient privacy is a priority in all of our disease management programs. We work closely, in collaboration, with our plan sponsors to ensure the protection of patient confidentiality in consideration of all applicable state and federal regulations.

Disease Management and the Medicare Program

Progress to Date

Congress and the Administration have already made some progress in bringing disease management approaches into the Medicare program. The coordinated care demonstrations that were part of the Balanced Budget Act have begun to test fee for service approaches and disease management. The Beneficiary Improvement and Protection Act demonstration that was announced this year will go a step further in testing innovative fee for service approaches.

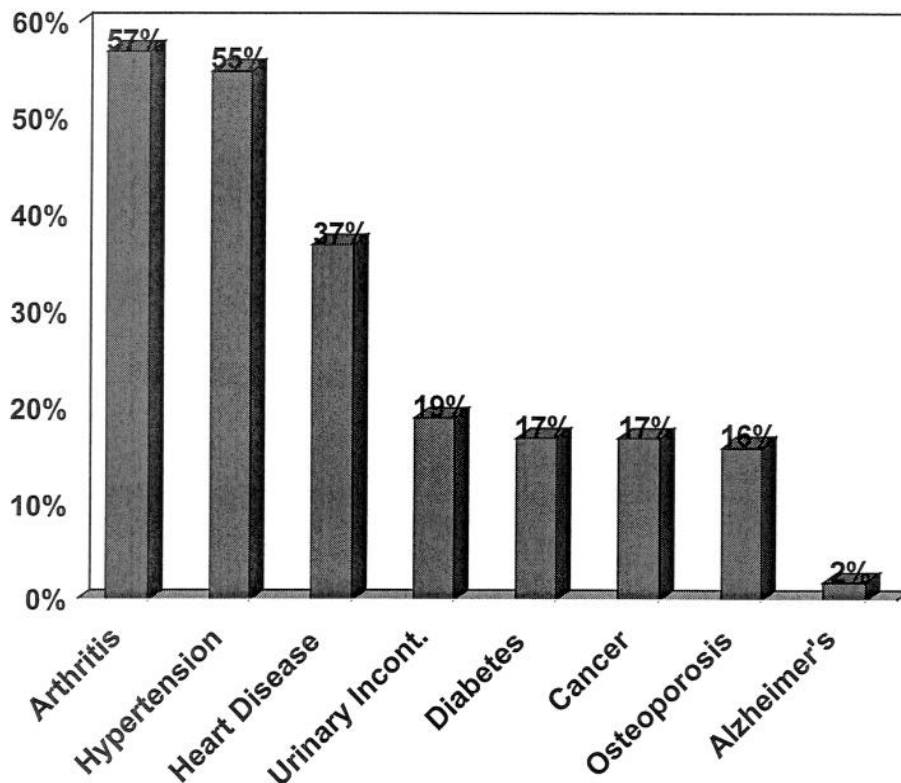
There is more that can be done. We look forward to the future demonstration projects that CMS is contemplating. Models that are consistent with the approach we successfully employ in the private sector, structured around performance risk and targeted across a population, would provide another testing ground for CMS.

Looking Forward

The Medicare program could greatly benefit from appropriately designed and tailored disease management programs. As we all know, chronic conditions are most prevalent in the senior

population and are a major contributor to high Medicare costs. According to the Kaiser Family Foundation, 57 percent of Medicare beneficiaries have arthritis, 55 percent have hypertension, 37 percent have heart disease, 19 percent have cancer, and the list continues. (See Chart B) Some of these more common diseases that afflict the Medicare population are particularly amenable to disease management interventions.

Chart B: Most Common Conditions Among Medicare Beneficiaries



Source: Kaiser Family Foundation Medicare Chartbook. Non-institutionalized Medicare Beneficiaries, 1999.

The health benefits of disease management that we have seen in the commercial population could likely be replicated within the Medicare population, potentially producing even greater improvements in health outcomes. However, given the complexity of care needs for the Medicare population, our expertise leads us to believe that one would need to refine such disease management programs based upon on-going experience in order to realize the significant improvement and savings opportunity potential.

Even so, there are a number of disease management programs that could be adopted within Medicare today, by focusing on the pharmaceuticals already covered by Medicare. Medicare Part B covers drugs for chronic conditions such as arthritis (e.g., HylanG-F20, Remicade), cancer (e.g., Taxol, Gemzar, Paraplatin, Taxotere), and emphysema (e.g., Albuterol). Given the high cost of these drugs and established treatment protocols for these conditions, disease management programs would be an ideal way to help manage the care of these beneficiaries while also addressing the high Medicare costs.

AdvancePCS is working to adapt the company's existing disease management programs and develop new interventions that incorporate the therapies already covered by Medicare Part B. We only expect this focus to increase in the future as more biotechnology drugs focused on chronic diseases are approved.

Ultimately, implementation of disease management into the Medicare program on a large scale will require Medicare payment reform. We look forward to working with Congress on achieving payment flexibility wherever necessary and giving CMS the tools it needs to effectively integrate disease management into Medicare. Congress can also support CMS by ensuring that the agency has broad authority and latitude within the Medicare program to test new models.

As we face the challenges of the future, growing drug costs, an aging population, the growing biotech industry ---the compounding effect will be a Medicare program with spiraling costs. Disease management interventions directly address these challenges by delivering cost-effective, high quality care to the chronically ill populations.

Thank you for the opportunity to testify before the Committee today. I would be happy to answer your questions.